

Older Americans are relying too much on Social Security as a main source of income

Many older Americans view Social Security as a financial workhorse for their golden years.

Yet the program provides far less income than they think, partly because they tap the entitlement before reaching retirement age, a new survey shows.

Forty-four percent of older Americans who are retired or plan to retire within 10 years see Social Security as their main source of retirement income, according to the February survey of 1,315 adults age 50 or older by the Nationwide Retirement Institute, a unit of Nationwide Financial. And 26% believe they can live comfortably on Social Security alone.

“The misconceptions about Social Security are alarming,” says Tina Ambrozy, Nationwide’s president of sales and distribution. “If you think about how many are relying on Social Security to be their main source of income, it really is scary.”

The 44% putting that much faith in Social Security is down from 55% in Nationwide’s retirement survey last year. A bull market likely has beefed up older Americans’ retirement accounts and other investments, allowing some to depend less heavily on Social Security, Ambrozy says.

Yet the figure is still too high, she says. People who plan to retire within 10 years expect to receive an average \$1,805 a month in Social Security benefits. Current retirees, however, are collecting \$1,408 monthly on average, a 28% deficit, the survey shows.

“Social Security probably isn’t going to be enough,” Ambrozy says.

One reason for the gap is retirees are drawing benefits early, providing them a lower monthly payout. Seventy percent of those surveyed believe they’re eligible for full benefits before they actually are. On average, future retirees think they can tap Social Security at age 63. And 26% believe if they claim early, their benefits will automatically increase when they reach full retirement age.

In fact, retirees can only get partial benefits starting at 62 and once they do, the amount is locked in. For people who turned 62 last year, the retirement age to receive full

benefits is 66. The size of the monthly check continues to rise from 62 to 70, based on when applicants initially claim.

More than half of older adults don't plan to draw Social Security before full retirement age. Yet the most common age to claim is 62, according to the survey. Of current retirees who file early, 61% cited living expenses. Other reasons: supplementing their income (36%), a layoff (26%) and health issues (22%).

Despite their reliance on Social Security, two-thirds of future retirees worry the program will run out of funding in their lifetime, the survey shows. That's another big reason they tap benefits early, Ambrozy says.

Other findings:

- The vast majority of people 50 and older expect to spend, or are spending, their Social Security on monthly bills and groceries.
- A third of retirees say health problems are interfering with their retirement. Eighty percent of those retired at least 10 years say the issues occurred earlier than expected, with most saying they happened five years sooner.
- Twenty-two percent of future retirees have a formal written retirement plan, compared to 19% of recent retirees and 17% of those retired at least 10 years.

<https://www.usatoday.com/story/money/2019/05/08/social-security-many-rely-too-much-program-income/1134451001/>